

SENATE BILL No. 351

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8; IC 27-13-7-14; IC 27-13-7.5.

Synopsis: Mandated benefit exemptions. Exempts health insurance policies and health maintenance organization contracts that are issued to individuals or businesses that employ less than 25 employees from statutorily mandated benefits provisions including provisions requiring the following: (1) No exclusion of coverage for inpatient mental health services provided by a community mental health center or psychiatric hospital. (2) Coverage for prosthetics or reconstruction following mastectomy. (3) Coverage for newborns. (4) An offer of coverage for mammography. (5) Coverage for diabetes. (6) No prohibition on a women's health care provider serving as a primary care provider.

Effective: July 1, 1999.

Nugent

January 8, 1999, read first time and referred to Committee on Health and Provider Services.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 351

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-8-5-15.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15.5. (a) As used in this
3 section:
4 "Alcohol abuse" has the meaning set forth in IC 12-7-2-10.
5 "Community mental health center" has the meaning set forth in
6 IC 12-7-2-38 and IC 12-7-2-39.
7 "Division of mental health" refers to the division created under
8 IC 12-21-1-1.
9 "Drug abuse" has the meaning set forth in IC 12-7-2-72.
10 "Inpatient services" means services that require the beneficiary of
11 the services to remain overnight in the facility in which the services are
12 offered.
13 "Mental illness" has the meaning set forth in IC 12-7-2-130(1).
14 "Psychiatric hospital" has the meaning set forth in IC 12-7-2-151.
15 "State department of health" refers to the department established
16 under IC 16-19-1-1.

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"Substance abuse" means drug abuse or alcohol abuse.

(b) An insurance policy that provides coverage for inpatient services for the treatment of:

- (1) mental illness;
- (2) substance abuse; or
- (3) both mental illness and substance abuse;

may not exclude coverage for inpatient services for the treatment of mental illness or substance abuse that are provided by a community mental health center or by any psychiatric hospital licensed by the state department of health or the division of mental health to offer those services.

(c) This section does not apply to an insurance policy issued to an:

- (1) employer with less than twenty-five (25) employees; or**
- (2) individual.**

SECTION 2. IC 27-8-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) This section applies to a policy of accident and sickness insurance issued after June 30, 1997. **This section does not apply to a policy of accident and sickness insurance issued to an:**

- (1) employer with less than twenty-five (25) employees; or**
- (2) individual.**

(b) This section applies to a mastectomy performed after June 30, 1997, that is covered by a policy of accident or sickness insurance issued under this chapter.

(c) As used in this section, "mastectomy" means the removal of all or part of the breast for reasons that are determined by a licensed physician to be medically necessary.

(d) A policy of accident and sickness insurance that provides coverage for a mastectomy may not be issued, amended, delivered, or renewed in Indiana unless the policy provides coverage for:

- (1) prosthetic devices; and
- (2) reconstructive surgery incident to the mastectomy including:
 - (A) all stages of reconstruction of the breast on which the mastectomy has been performed; and
 - (B) surgery and reconstruction of the other breast to produce symmetry;

in the manner determined by the attending physician and the patient to be appropriate.

(e) Coverage for prosthetic devices or reconstructive surgery under this section is subject to:

- (1) the deductible and coinsurance provisions applicable to the



mastectomy; and

(2) all other terms and conditions applicable to other benefits.

(f) Notwithstanding the provisions of this section, if a mastectomy covered under this section is performed, and there is no evidence of malignancy, coverage may be limited to the provision of prosthetic devices and reconstructive surgery for two (2) years following the surgery.

SECTION 3. IC 27-8-5.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 5.2. Mandated Benefit Exemptions

Sec. 1. As used in this chapter, "accident and sickness insurance policy" means a policy covering one (1) or more of the kinds of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1.

Sec. 2. As used in this chapter, "mandated benefit provision" means a statutory provision that requires coverage for certain health care services (as defined in IC 27-8-11-1) under an accident and sickness insurance policy.

Sec. 3. As used in this chapter, "small business" means a business that employs less than twenty-five (25) employees.

Sec. 4. Notwithstanding any other law, an accident and sickness insurance policy that is issued to an individual or a small business is not subject to any mandated benefit provision and is not required to cover any specifically mandated benefit.

SECTION 4. IC 27-8-5.6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. As used in this chapter, the term "accident and sickness insurance" means any policy or contract covering one (1) or more of the kinds of insurance described in classes 1(b) or 2(a) of IC ~~1971~~, 27-1-5-1, as governed by IC ~~1971~~, 27-8-5. **The term does not include a policy issued or a contract entered into with an:**

- (1) employer with less than twenty-five (25) employees; or**
- (2) individual.**

SECTION 5. IC 27-8-14-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. As used in this chapter, "accident and sickness insurance policy" means an insurance policy that:

- (1) provides one (1) or more of the types of insurance described in IC 27-1-5-1, classes 1(b) and 2(a); and
- (2) is issued on a group basis.

The term does not include an insurance policy issued to an:

- (1) employer with less than twenty-five (25) employees; or**



1 **(2) individual.**

2 SECTION 6. IC 27-8-14.5-0.5 IS ADDED TO THE INDIANA
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. This chapter does not apply**
5 **to a health insurance plan issued to an:**

6 **(1) employer with less than twenty-five (25) employees; or**

7 **(2) individual.**

8 SECTION 7. IC 27-8-24.7-0.5 IS ADDED TO THE INDIANA
9 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. This chapter does not apply**
11 **to a health insurance policy issued to an:**

12 **(1) employer with less than twenty-five (25) employees; or**

13 **(2) individual.**

14 SECTION 8. IC 27-8-24.7-1 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. As used in this
16 chapter, "health insurance policy" means any ~~individual~~ or group
17 accident and sickness policy, contract, subscriber agreement, rider,
18 endorsement, or any contract providing for the delivery of health care
19 benefits, delivered or issued for delivery in Indiana after June 30, 1996,
20 by any of the following:

21 (1) An insurer.

22 (2) A fraternal benefit society.

23 (3) A nonprofit corporation.

24 (4) A health maintenance organization (as defined in
25 IC 27-13-1-19).

26 (5) A preferred provider arrangement under IC 27-8-11.

27 SECTION 9. IC 27-13-7-14 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) This section
29 applies to a contract with a health maintenance organization (as defined
30 in IC 27-13-1-19) issued after June 30, 1997. **This chapter does not**
31 **apply to:**

32 **(1) an individual contract; or**

33 **(2) a group contract entered into with an employer with less**
34 **than twenty-five (25) employees.**

35 (b) This section applies to a mastectomy performed after June 30,
36 1997, that is covered by a contract with a health maintenance
37 organization under this chapter.

38 (c) As used in this section, "mastectomy" means the removal of all
39 or part of the breast for reasons that are determined by a licensed
40 physician to be medically necessary.

41 (d) A contract with a health maintenance organization under this
42 chapter that provides coverage for a mastectomy must provide



coverage for:

(1) prosthetic devices; and

(2) reconstructive surgery incident to the mastectomy including:

(A) all stages of reconstruction of the breast on which the mastectomy has been performed; and

(B) surgery and reconstruction of the other breast to produce symmetry;

in the manner determined by the attending physician and the patient to be appropriate.

(e) Coverage for prosthetic devices and reconstructive surgery under this section is subject to:

(1) the deductible and coinsurance provisions applicable to the mastectomy; and

(2) all other terms and conditions applicable to other services under the contract.

(f) Notwithstanding the provisions of this section, if a mastectomy covered under this section is performed, and there is no evidence of malignancy, coverage may be limited to the provision of prosthetic devices and reconstructive surgery for two (2) years following the surgery.

SECTION 10. IC 27-13-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 7.5. Mandated Benefit Exclusions

Sec. 1. As used in this chapter, "mandated benefit provision" means a statutory provision that requires coverage for certain health care services (as defined in IC 27-8-11-1) under a health maintenance organization contract.

Sec. 2. As used in this chapter, "small business" means a business that employs less than twenty-five (25) employees.

Sec. 3. Notwithstanding any other law:

(1) an individual contract; or

(2) a group contract that is entered into with a small business; is not subject to any mandated benefit provision and is not required to cover any specifically mandated benefit.

SECTION 11. [EFFECTIVE JULY 1, 1999] IC 27-8-5.2, IC 27-8-14.5-0.5, IC 27-8-24.7-0.5, and IC 27-13-7.5, all as added by this act, apply to an accident and sickness insurance policy or health maintenance organization contract issued, delivered, amended, entered into, or renewed after June 30, 1999.

SECTION 12. [EFFECTIVE JULY 1, 1999] IC 27-8-5-15.5, IC 27-8-5-26, IC 27-8-5.6-1, IC 27-8-14-1, IC 27-8-24.7-1, and



1 **IC 27-13-7-14, all as amended by this act, apply to an accident and**
2 **sickness insurance policy or health maintenance organization**
3 **contract issued, delivered, amended, entered into, or renewed after**
4 **June 30, 1999.**

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